

Message Text

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ORIGIN EA-12

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TO AMEMBASSY TOKYO IMMEDIATE

C O N F I D E N T I A L STATE 277908

E.O. 11652: GDS

TAGS: PROP, ETRD, JA, US

SUBJECT: SUGGESTED PRESS GUIDANCE

1. FOLLOWING IS SUGGESTED INTERAGENCY CLEARED PRESS GUIDANCE FOR BACKGROUND DISCUSSIONS WITH US AND JAPANESE correspondents AS IS APPROPRIATE. DEPARTMENT WOULD WELCOME EMBASSY'S COMMENTS OR SUGGESTIONS.

2. BEGIN QUOTE. GUIDELINES FOR DEALING WITH THE PRESS ON
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US-JAPAN TRADE ISSUES.

3. WE SHOULD ATTEMPT TO CONVEY THE FOLLOWING THEMES IN ANY BACKGROUND DISCUSSIONS WITH U.S. AND JAPANESE correspondents IN THE COMING DAYS:

4. -- WE CONSIDER IT ESSENTIAL THAT THERE BE AN EQUITABLE

SHARING AMONG THE STRONG ECONOMIES OF THE FINANCIAL BURDEN
OF THE HUGE OPEC INDUCED DEFICITS IMPOSED ON THE REST OF
THE WORLD. JAPAN'S C/A SURPLUS--RUNNING ABOVE 8 BILLION
DOLLARS--INCREASES THE ADJUSTMENT PROBLEMS CONFRONTED BY
WEAKER ECONOMIES AND INHIBITS WORLDWIDE ECONOMIC RECOVERY.

5. ALTHOUGH JAPAN PROJECTED A CURRENT ACCOUNT DEFICIT OF
700 MILLION DOLLARS FOR JFY 77 EARLIER THIS YEAR, IT WILL
ACTUALLY RUN A SURPLUS OF ABOUT 10 BILLION DOLLARS.

6. -- THE EXPANSION OF JAPANESE EXPORTS IN PARTICULAR
SECTORS LIKE STEEL, AUTOMOBILES, CAPITAL AND CONSUMER
GOODS WITHOUT IMPORT RECIPROCATION-- WITH HEIGHTENED
POLITICAL AND ECONOMIC IMPACT DURING PERIODS OF HIGH
UNEMPLOYMENT-- IS SERVING TO ADD TO CONCERNS OVER UNEMPLOY-
MENT AND FEARS OF INJURY FROM IMPORTS. THE RATIO OF
MANUFACTURED IMPORTS RELATIVE TO TOTAL IMPORTS IS ONLY
ABOUT HALF THAT OF THE OTHER MAJOR INDUSTRIAL COUNTRIES.
WHATEVER THE REASONS FOR THIS PHENOMENON, WE ARE NOT
CERTAIN THIS IS CONSISTENT WITH JAPAN'S POSITION AS A
MAJOR BENEFICIARY OF THE OPEN SYSTEM OF WORLD TRADING.

7. -- WE ARE SEEKING A JAPANESE COMMITMENT TO A SERIES OF
MEASURES TO ADDRESS THE SHORT-TERM PROBLEM OF THE PRESENT
CURRENT ACCOUNT SURPLUS AND THE LONGER TERM PROBLEM OF
INJECTING GREATER EQUITY INTO MULTILATERAL TRADE WITH JAPAN
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AND SECURING IMPROVED ACCESS TO JAPAN'S DOMESTIC MARKET
AND MANUFACTURED GOODS ORIGINATING ELSEWHERE. WE BELIEVE
JAPAN SHOULD COMMIT ITSELF TO MOVE RAPIDLY TOWARD DEFICIT
IN ITS CURRENT ACCOUNTS AND TO CONTINUE SHARING THE OPEC
SURPLUS PROBLEMS IN THE FUTURE.

8. -- WE BELIEVE MOVEMENT IN THAT DIRECTION WILL REQUIRE
CONTINUED FIRM DOMESTIC GROWTH OF THE JAPANESE ECONOMY NEXT
YEAR; SPECIAL EFFORTS TO EXPAND IMPORTS OF MANUFACTURED
GOODS; THE REMOVAL OF RESIDUAL IMPORT QUOTAS; RESTRAINT
ON OFFICIAL EXPORT CREDITS AND EXPORT PROMOTION; THE REDUC-
TION OF TARIFFS AN INCREASE IN UNTIED AID; AND A RENEWED
COMMITMENT TO THE REDUCTION OF TARIFF AND NON-TARIFF BAR-
RIERS .

9. -- DURING BILATERAL ECONOMIC TALKS LAST SEPTEMBER WE
AND THE GOJ AGREED TO ESTABLISH A JOINT ECONOMIC FORE-
CASTING GROUP AND A TRADE FACILITATION COMMITTEE. WE
INTEND TO UTILIZE THESE COMMITTEES TO MAINTAIN CLOSE
CONSULTATIONS AND COOPERATION ON THIS SUBJECT.

10. -- IT IS OUR BELIEF THAT TO THE EXTENT JAPAN LIBERAL-
IZES ACCESS TO ITS OWN MARKET AND INCREASES ITS GROWTH
RATE AND IMPORTS, JAPANESE CITIZENS ARE AMONG THE PRINCI-
PAL BENEFICIARIES. IN JAPAN, AS IN THE U.S., IMPORTS OF
MANUFACTURED GOODS AS WELL AS AGRICULTURAL PRODUCTS CAN
PROVIDE A HEDGE AGAINST INFLATION, A SPUR TO HEALTHY
COMPETITION, AND A MEANS OF ASSURING MAXIMUM CHOICE TO
CONSUMERS.

11. -- NOR ARE WE SEEKING TO PLACE ON JAPAN THE BURDEN OF
ADJUSTMENTS TO AVOID FACING UP TO PROBLEMS OURSELVES. WE
RECOGNIZE OUR DUTY TO PASS STRONG ENERGY LEGISLATION, TO
RESIST UNREASONABLE DEMANDS FOR PROTECTIONISM, AND TO MAKE
MORE ENERGETIC EFFORTS TO TAKE ADVANTAGE OF TRADE OPPOR-
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TUNITIES OVERSEAS. THE TRADE FACILITATION COMMITTEE IS
NOW ACTUALLY MAKING EFFORTS TO IDENTIFY EXPORT OPPORTUNI-
TIES AND BRING THESE TO THE ATTENTION OF THE US BUSINESS
COMMUNITY. END QUOTE. VANCE

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